

AR35



A N N U A L R E P O R T 1 9 7 6

REVIEW IN BRIEF

	<u>1976</u>	<u>1975</u>
Ore milled, tons	428,154	391,969
Grade of mill feed	0.281	0.286
Gold recovered, ounces ..	106,714	98,437
Gross value of production ..	\$13,138,000	\$15,521,000
Operating income before write-offs	807,000	2,319,000
Exploration expenditures ..	522,000	1,237,000
Income taxes	99,000	394,000
Net income (loss)	(186,000)	305,000
Earnings (loss) per share ..	(0.04)	0.07
Dividends paid per share ..	0.10	0.40
Capital expenditures	1,254,000	775,000
Working capital at end of year	6,527,000	7,803,000
Average price received per oz. of gold	\$122.08	\$156.68

ANNUAL MEETING OF SHAREHOLDERS
 Thursday, April 7, 1977, at 11:00 a.m. (E.S.T.)
 Elizabeth Room, King Edward Hotel,
 Toronto, Canada.

Giant
YELLOWKNIFE MINES LIMITED

34th Annual Report



Atomic Absorption-Spectroscopy is used to determine gold content of mine and mill samples



Aerial view of the Giant mine and "camp"

Giant

YELLOKNIFE MINES LIMITED

Head Office: P.O. Box 40, Commerce Court West, Toronto
Mine Office: Yellowknife, N.W.T.

DIRECTORS

A. J. ANDERSON
Consulting Mining Engineer
C. R. ARCHIBALD
Partner, Law Firm of
Strathy, Archibald, Seagram & Cole
*A. C. CALLOW
Retired
D. J. EMERY
Vice-President Operations
of Corporation
E. L. HEALY
President and Chief Executive Officer,
Falconbridge Engineering and Development
Incorporated
W. F. JAMES
Partner, James & Buffam,
Consulting Geologists
G. P. MITCHELL
Vice-President of Corporation and
Group Vice-President
Falconbridge Nickel Mines Limited
*J. R. SMITH
President and Managing Director of
Corporation and Vice-President Minerals
Division, Falconbridge Nickel Mines Limited
*J. D. STREIT
Geologist, President,
Yellowknife Bear Mines Ltd.

*Members of the Audit Committee

OFFICERS

J. R. SMITH
President and Managing Director of Corporation
and Vice-President
Minerals Division,
Falconbridge Nickel Mines Limited
G. P. MITCHELL
Vice-President of Corporation and
Group Vice-President
Falconbridge Nickel Mines Limited
D. J. EMERY
Vice-President Operations
of Corporation
W. R. ROBERTSON
Secretary of Corporation and other
Companies associated with
Falconbridge Nickel Mines Limited
N. H. WITHERELL
Treasurer of Corporation and
Treasurer,
Falconbridge Nickel Mines Limited
J. F. GILLIES
Controller of Corporation and other
Companies associated with
Falconbridge Nickel Mines Limited

CONSULTANTS

F. G. T. PICKARD, Metallurgical
L. A. WRIGGLESWORTH, Geological
W. B. G. WALKER, Geological

TRANSFER AGENTS AND REGISTRARS

THE STERLING TRUSTS CORPORATION
372 Bay Street, Toronto, Ontario M5H 2X2
REGISTRAR AND TRANSFER COMPANY
140 Cedar Street, New York, N.Y. 10006

BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE
Toronto, Ontario

AUDITORS

THORNE RIDDELL & CO.
Toronto, Ontario

SOLICITORS

STRATHY, ARCHIBALD, SEAGRAM & COLE
Toronto, Ontario

LISTED

Toronto Stock Exchange
American Stock Exchange

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

Your Board of Directors submits the Corporation's thirty-fourth Annual Report, with Consolidated Financial Statements for 1976.

Throughout the year the Corporation has carried on its usual operations of mining for gold and treating of ore on the Corporation's properties, located at Yellowknife in the Northwest Territories of Canada, as well as from the properties of its subsidiaries, Lolor Mines Limited and Supercrest Mines Limited, owned 87.5% and 50% respectively. In addition, exploration outside the properties was carried on in the search for minerals, but on a scale considerably reduced from last year.

This report follows the usual form to provide figures and details of each of the several phases of the operations, recoveries of gold therefrom and costs thereof, all on a comparative basis, for five years of operations, and contains a Comparative Statement of Production and Earnings for the whole of the productive life of the mine, which commenced in 1948.

Mill throughput increased in 1976 to 428,000 tons from 392,000 tons in 1975 with the open pit contributing 41% of the total tonnage. The average grade of ore milled in 1976 was 0.281 ounce of gold per ton compared to 0.286 in 1975, while gold production for the year increased to 107,000 ounces from 98,000 ounces in 1975.

A decline in the price of gold during the second and third quarters of the year adversely affected earnings of the Corporation which fell from \$305,000* in 1975 to a loss of \$186,000 in 1976. Although significant cost reductions were effected in the Corporation's operations, these only partially offset the decline in revenue due to the sagging gold price which averaged \$122.00 per ounce in 1976 compared to \$157.00 per ounce in 1975. The price of gold fell from \$140.25 per ounce on December 31, 1975 to a low of \$99.64 September 1st and then returned to \$135.89 per ounce on December 31, 1976.

Thus while production figures and recovery of gold approximately equalled the preceding year, the realization from the sale of gold was lower by some \$2,500,000 based on the world price decline.

An interim dividend of 10¢ per share was paid on March 30, 1976. Subsequently, shareholders were advised that the Directors considered it imprudent to draw on the Corporation's working capital for payment of dividends at the prevailing gold price levels and that resumption of dividends would depend on a significant increase in the price of gold. No further dividends were paid in 1976.

The Mine Manager and staff have skillfully carried out their responsibilities in this difficult period of changing circumstances. With a shortage of experienced underground miners existing throughout the year, the careful planning and development of the low grade ore in the vicinity of the southerly "A" Shaft, for mining by open pit method, was utilized to great advantage to keep a constant supply of ore to feed the mill.

As is apparent from the following comparative tables, both the level of the price of gold and the ability to mine and process ore of low gold content profitably are key factors not only in determining the level of earnings for the Corporation, but also in establishing ore reserves, and hence the life of the mine.

* All amounts are expressed in Canadian currency except as otherwise designated.

OPERATIONS AND FINANCIAL SUMMARY

	1976	1975	1974	1973	1972
Giant					
Ore milled, tons	393,730	341,761	254,918	271,350	264,114
Gold recovered, ounces	93,378	81,246	71,095	102,321	128,272
Lolor					
Ore milled, tons	5,877	18,338	25,460	57,737	71,422
Gold recovered, ounces	1,352	4,270	6,367	23,469	33,471
(87½ per cent owned by Giant Yellowknife Mines Limited)					
Supercrest					
Ore milled, tons	28,547	31,870	47,721	60,373	65,736
Gold recovered, ounces	11,984	12,921	24,052	32,503	39,443
(50 per cent owned by Giant Yellowknife Mines Limited)					
Consolidated					
Ore milled, tons	428,154	391,969	328,099	389,460	401,272
Average tons per day	1,173	1,074	899	1,067	1,096
Calculated millheads (oz. gold per ton)	0.28	0.29	0.36	0.46	0.56
Mill recovery, per cent	88.21	87.76	87.18	88.52	89.34
Total recovery					
Gold, ounces	106,714	98,437	101,514	158,293	201,186
Silver, ounces	25,157	21,473	21,378	32,690	39,731
Consolidated Financial Summary					
Net value of production	<u>\$12,991,000</u>	<u>\$15,378,000</u>	<u>\$16,382,000</u>	<u>\$17,054,000</u>	<u>\$11,990,000</u>
Operating and administrative costs	<u>12,184,000</u>	<u>13,059,000</u>	<u>11,121,000</u>	<u>9,299,000</u>	<u>8,507,000</u>
Operating profit before the undernoted items	807,000	2,319,000	5,261,000	7,755,000	3,483,000
Depreciation, depletion and amortization	711,000	813,000	135,000	493,000	555,000
Exploration expenses	522,000	1,237,000	673,000	493,000	444,000
Operating income	(426,000)	269,000	4,453,000	6,769,000	2,484,000
Income from investments	(433,000)	(690,000)	(847,000)	(643,000)	(108,000)
Income taxes	99,000	394,000	1,735,000	2,412,000	621,000
Minority interest	94,000	260,000	786,000	729,000	502,000
Net income (loss)	\$ (186,000)	\$ 305,000	\$ 2,779,000	\$ 4,271,000	\$ 1,469,000
Earnings (loss) per share	(.04)	.07	.65	.99	.34
Dividends paid per share .....	.10	.40	.50	.60	.40
Working capital	\$ 6,527,000	\$ 7,803,000	\$ 10,308,000	\$ 9,972,000	\$ 7,796,000
Average price per ounce of gold	122.08	156.68	161.73	108.03	59.87
Operating costs per ton (before write-offs)	\$28.46	\$33.32	\$33.90	\$23.88	\$21.20

TABLE SHOWING YEAR END ESTIMATES OF ORE RESERVES (000 tons)

	1976		1975		1974		1973		1972		1971	
	Tons	Grade Oz. Gold per ton	Tons	Grade Oz. Gold per ton	Tons	Grade Oz. Gold per ton	Tons	Grade Oz. Gold per ton	Tons	Grade Oz. Gold per ton	Tons	Grade Oz. Gold per ton
Giant												
Active stopes	609	0.34	1,137	0.33	1,453	0.33	886	0.35	475	0.51	379	0.66
Pillars	—	—	—	—	—	—	17	0.65	32	0.65	19	0.73
Other developed ore	406	0.36	260	0.33	266	0.32	88	0.45	24	0.59	44	0.58
Open pits	412	0.28	352	0.30	453	0.30	—	—	—	—	—	—
Total Giant	<u>1,427</u>	<u>0.33</u>	<u>1,749</u>	<u>0.32</u>	<u>2,172</u>	<u>0.32</u>	<u>991</u>	<u>0.36</u>	<u>531</u>	<u>0.52</u>	<u>442</u>	<u>0.66</u>
Lolor												
Active stopes	22	0.39	76	0.34	94	0.32	94	0.37	95	0.51	128	0.67
Pillars	—	—	—	—	—	—	—	—	—	—	—	—
Other developed ore	—	—	—	—	—	—	—	—	—	—	5	0.53
Total Lolor	<u>22</u>	<u>0.39</u>	<u>76</u>	<u>0.34</u>	<u>94</u>	<u>0.32</u>	<u>94</u>	<u>0.37</u>	<u>95</u>	<u>0.51</u>	<u>133</u>	<u>0.66</u>
Supercrest												
Active stopes	56	0.47	125	0.46	134	0.47	88	0.62	113	0.68	106	0.70
Pillars	—	—	—	—	—	—	—	—	—	—	18	0.71
Other developed ore	—	—	—	—	—	—	—	—	6	0.52	—	—
Total Supercrest	<u>56</u>	<u>0.47</u>	<u>125</u>	<u>0.46</u>	<u>134</u>	<u>0.47</u>	<u>88</u>	<u>0.62</u>	<u>119</u>	<u>0.67</u>	<u>124</u>	<u>0.70</u>
Total developed ore at year end	<u>1,505</u>	<u>0.34</u>	<u>1,950</u>	<u>0.33</u>	<u>2,400</u>	<u>0.33</u>	<u>1,173</u>	<u>0.38</u>	<u>745</u>	<u>0.54</u>	<u>699</u>	<u>0.67</u>

NOTE: In estimating ore reserves at the end of each of the above years, regard was given to the prevailing price of gold and to anticipated operating costs.

After mining 428,000 tons in 1976, the ore reserves calculated at year-end of 1,505,000 tons at 0.34 ounces of gold per ton, showed a decrease of 445,000 tons from the prior year-end. Approximately 242,000 tons of new ore were found by diamond drilling; however, the lower gold price necessitated raising cut-off grades and deleting tonnages from reserves that more than offset the ore found by drilling.

Exploratory drilling at the Giant property revealed no significant new ore zones. However, there remain areas that require further exploration.

OPERATING COSTS AND CAPITAL EXPENDITURES

Consolidated operating costs decreased from \$13,059,000 in 1975 to \$12,184,000 in 1976. The open pit contributed 41% of the total tonnage, and costs benefited from the 1975 expenditures on open pit development. Because of the higher throughput and reduced costs, unit costs decreased from \$33.32 per ton milled in 1975 to \$28.46 per ton.

Capital expenditures increased from \$775,000 to \$1,254,000 of which \$1,065,000 of these expenditures were for the necessary open pit equipment.

SUMMARY OF 1976 RESULTS BY QUARTERS

The following is a consolidated statement of earnings for each quarter of 1976.

OPERATING RECORD	Three Months Ended				Total
	March 31	June 30	Sept. 30	Dec. 31	
Ore milled, tons	104,802	104,945	105,753	112,654	428,154
Average per day, tons	1,151	1,152	1,149	1,225	1,173
Average millheads per ton	0.286	0.293	0.299	0.251	0.281
Gold recovered, ounces	26,609	27,469	27,734	24,902	106,714
Silver recovered, ounces	5,427	7,039	7,231	5,460	25,157
STATEMENT OF EARNINGS (000)					
Metal production (less marketing charges)	\$ 3,494	\$ 3,015	\$ 2,983	\$ 3,499	\$ 12,991
Operating expenses	3,293	3,423	3,044	2,424	12,184
201	(408)	(61)	135	1,075	807
Depreciation and amortization	192	192	192	135	711
Outside Exploration	78	207	129	108	522
270	399	321	243	832	1,233
(69)	(807)	(382)	832	(426)	
Non-operating revenue	137	86	121	89	433
68	(721)	(261)	921	7	
Income taxes	71	(71)	40	59	99
(3)	(650)	(301)	862	(92)	
Minority interest in earnings of subsidiary companies	(24)	4	40	74	94
Net Income (loss) for the period	\$ 21	\$ (654)	\$ (341)	\$ 788	\$ (186)
Earnings (loss) per share	\$.01	\$ (.15)	\$ (.08)	\$ 0.18	\$ (.04)
Average price per ounce of gold produced	\$ 131.45	\$ 110.27	\$ 107.56	\$ 141.07	\$ 122.08

UNDERGROUND AND OPEN PIT OPERATIONS

Giant Mine

Production was 394,000 tons at an overall grade of 0.267 ounces of gold per ton, compared to 342,000 tons at 0.271 ounces of gold per ton in 1975. The open pit contributed 45% of the Giant tonnage.

Due mainly to the lower price for gold, net operating profit before write-offs and exploration, declined to \$617,000 from \$1,411,000 in 1975.

The year saw the initial A-1 pit mining completed in September and a start made on stripping three other smaller pits. The company purchased the necessary equipment and operated the pits itself, rather than using a contractor, and realized a reduction in cost and increased productivity.

Lateral advance of 9,083 feet was 3% above the 1975 figure. Diamond drilling totalled 88,000 feet, and indicated 43,000 tons of new ore.

Lolor Mine

Production at Lolor of 6,000 tons was considerably below the 18,000 tons produced in 1975 as output continued to be hampered by crew shortages. Grade of 0.258 ounces of gold per ton was down from 0.265 ounces of gold per ton in 1975.

There was no lateral development work done during the year and only 182 feet of raising. A total of 1,574 feet of exploration diamond drilling was carried out but no ore was encountered.

Supercrest Mine

Due to a shortage of trained crews, Supercrest production was 28,000 tons compared to 32,000 tons in 1975. Grade of ore increased slightly from 0.463 ounces of gold per ton in 1975 to 0.476 ounces of gold per ton in the current year.

Lateral advance was 697 feet and raise development 494 feet. Underground diamond drilling totalled 22,235 feet adding approximately 7,000 tons to an ore body above the 1100 level.

Treatment Plant

Total gold recovery was 88.21%, an improvement over the previous year's 87.76%, in spite of increased tonnage, lower grade of ore treated at 0.281 ounces and 5.5% lost time in grinding almost entirely due to power outages.

A new conveyor was installed to handle ore from the open pit. A 5' x 8' ball mill was added to the secondary grinding circuit to permit higher throughputs.

ENVIRONMENTAL CONTROL

Your Corporation has continued its efforts throughout 1976 to maintain and improve environmental controls in relation to all phases of its operations. Recent publicity has reflected concerns in some quarters of possible hazards from effluents and emissions from the milling and roasting of arsenopyrite ore at the Giant plant. Both operations require precautionary methods, and, throughout the 28 years of the productive life of the mine the Corporation has kept pace with new and advancing technology by installation of protective devices and by adoption of improved procedures for the safeguarding of health and of the environment. These measures have been developed to standards approved by Federal authorities and are designed to protect against both present and future contamination.

It has always been, and will remain, corporate policy to afford full co-operation to government authorities, and to collaborate with them in further improvements in the technology of environmental control.

EXPLORATION ACTIVITIES

Exploration expenditures totalled \$522,000 compared to the record \$1,237,000 spent in 1975. With the uncertain gold market and declining mine revenue, the Corporation concentrated its exploration program on its more encouraging properties.

Clermont

The Corporation continued to participate with a partner in northwest Quebec on exploration for base metal sulphides. Three drill holes were completed without obtaining additional encouragement, but further work is still required.

Arcadia

Seven holes were drilled resulting in disappointing gold assays, however, the persistence of sulphides plus some values of zinc and copper gave some encouragement. Further work will be conducted on the property in 1977.

Northbelt

Expenditures of \$65,000 were made for diamond drilling of the 'Crestaurum zone'. No significant gold values were obtained. A series of compilation plans and sections embracing all known geological data will be completed early in 1977. It is planned to do an airborne geophysical survey of the Greenstone Belt in order to locate drill targets.

Salmita

Diamond drilling totalling 10,600 feet was concentrated in the main showing area and returned disappointing results. Total reserves remain at 135,000 tons grading 0.632 ounces of gold per ton and are considered insufficient to support production at present gold prices. No further work is scheduled in 1977.

Other Exploration

Prospecting work by the Mackenzie Mountain Syndicate was completed with negative results and all claims were dropped.

Work was completed by a partner on the Senneterre property in northwest Quebec. Results were not encouraging enough to continue the program.

Some exploration for base metals was also completed along the east arm of Great Slave Lake.

The Corporation has a 35% interest in the Yumack Syndicate which investigated, with negative results, a number of geochemical anomalies in the Macmillan Pass area of the Yukon. However, 66 claims were staked to tie on to the north side of two large claims groups on which good grades of lead, zinc and silver have been obtained.

SUDBURY BASIN DIVISION

Work by a predecessor company between 1952 and 1956 indicated large, relatively low-grade base metal deposits containing copper, lead and zinc, with some gold and silver, of a character that presented serious metallurgical problems. In those years considerable sums were spent on research without finding a solution to these problems. Since the property was acquired, the Corporation has also conducted several research programs but without success. As a result, no further metallurgical research programs are planned at this time.

At present the shafts are flooded, and a major dewatering and rehabilitation program would be required to provide fresh samples for further metallurgical investigation. As the mineral deposits at Sudbury Basin division cannot be mined and treated profitably at the present time, they cannot be classified as commercial ore.

GENERAL

Labour shortages and a high turnover continued to have an adverse effect on the operation. The turnover for the Mine Department was somewhat lower at 235% compared to 259% in 1975, and for the whole plant was 157% vs. 179%. The number of employees at year end was 310 compared to 353 in 1975.

The signing of the new collective bargaining agreement between the Corporation and Local 4, Canadian Association of Smelter and Allied Workers, on January 5, 1977 climaxed 6 months of negotiations. On November 18, C.A.S.A.W. was established as the new bargaining agent replacing the United Steel Workers of America. The new labour agreement runs for 18 months from October 1, 1976.

ACKNOWLEDGEMENTS

The Directors sincerely acknowledge the exceptional job performed by employees under the capable direction of Mr. W. A. Moore, Mine Manager. Their efforts contributed considerably to the Corporation's ability to continue operation through the period of depressed gold prices.

On behalf of the Board,

J. R. SMITH,

President and Managing Director.

Toronto, Ontario,
February 17, 1977.

The shares of the Corporation are listed and traded on the Toronto and American Stock Exchanges, the latter being the principal market. The sale prices and dividends paid for the following quarterly periods are as tabulated below.

		Dividends Paid Per Share in Canadian Funds						Dividends Paid Per Share in Canadian Funds					
		1976		1975		1976		1975		1976		1975	
		High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
March	31	U.S.\$8%	U.S.\$6%	10 cents	— cents	March	31	U.S.\$13%	U.S.\$9%	10 cents	— cents	— cents	— cents
June	30	7%	5%	— cents	— cents	June	30	11%	9	10 cents	— cents	— cents	— cents
September	30	6	3%	— cents	— cents	September	30	11½	6¾	— cents	— cents	— cents	— cents
December	31	8%	4%	— cents	— cents	December	31	8½	5½	20 cents	— cents	— cents	— cents



YELLOWKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)
and its subsidiary companies

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS

	1976	1975
Cash and short term securities, at cost which approximates market value	\$ 3,891,519	\$ 5,637,550
Bullion (note 2)	2,311,019	1,958,090
Accounts and accrued interest receivable	141,425	80,454
Income taxes recoverable		51,710
Supplies	1,476,698	1,263,382
Prepaid expenses and deposits	45,850	59,885
	<u>7,866,511</u>	<u>9,051,071</u>

FIXED ASSETS

Buildings, machinery and equipment, at cost	17,384,935	16,204,438
Less accumulated depreciation	<u>15,945,322</u>	<u>15,608,876</u>
	1,439,613	595,562
Mining claims and properties, at cost less depletion	542,137	542,137
	<u>1,981,750</u>	<u>1,137,699</u>

OTHER ASSETS

Shares in and advances to other mining companies, at cost less amount written off	167,221	161,221
Deferred charges, less amortization	<u>548,283</u>	<u>842,855</u>
	715,504	1,004,076
	<u>\$10,563,765</u>	<u>\$11,192,846</u>

AUDITORS' REPORT

To the Shareholders of
GIANT YELLOWKNIFE MINES LIMITED

We have examined the consolidated balance sheet of Giant Yellowknife Mines Limited as at December 31, 1976 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1976 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
January 26, 1977

THORNE RIDDELL & CO.,
Chartered Accountants

AS AT DECEMBER 31, 1976

LIABILITIES

CURRENT LIABILITIES	1976	1975
Accounts payable and accrued liabilities	\$ 1,192,424	\$ 1,229,453
Income taxes payable	136,612	
Government royalties payable	10,544	19,045
	<u>1,339,580</u>	<u>1,248,498</u>

MINORITY INTEREST

Interest of minority shareholders in subsidiary companies	<u>363,554</u>	<u>467,268</u>
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SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized — 4,500,000 shares without par value		
Issued — 4,303,050 shares	5,700,000	5,700,000
CONTRIBUTED SURPLUS	2,637,276	2,637,276
RETAINED EARNINGS	523,355	1,139,804
	<u>8,860,631</u>	<u>9,477,080</u>

Approved by the Board

J. R. SMITH, Director
J. D. STREIT, Director

\$10,563,765 \$11,192,846

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1976

1. ACCOUNTING POLICIES

- (a) **Consolidation Policy**
The consolidated financial statements include the accounts of Lolor Mines Limited, in which 87½% of the common shares are held, and Supercrest Mines Limited, in which 50% (332,506 common shares) of the 665,010 common shares are held.
- (b) **Inventories — Bullion and Supplies**
Bullion is valued at estimated net realizable value and revenue is reflected in the statement of income on completion of production. Supplies are valued at average cost.
- (c) **Depreciation and Amortization**
Depreciation of buildings, machinery and equipment acquired subsequent to January 1, 1973 is provided on the units of production method to amortize the cost over the mine life based on estimated ore reserves. All plant acquired prior to that date had been fully depreciated by December 31, 1973.
Depletion provided to December 31, 1973 has fully amortized the cost of the Yellowknife mining claims. The unamortized balance relates to the non-producing Sudbury Basin property and land in the Town of Yellowknife.
Deferred charges are being amortized over the estimated life of the mine.
- (d) **Exploration Expenditures**
Exploration expenditures are charged against current earnings as incurred.

2. BULLION

The estimated net realizable value of bullion on hand has been determined at December 31, 1976 using a value for gold of \$131.00 per ounce (1975, \$130.00 per ounce).

3. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Direct remuneration of directors and senior officers, as defined by The Business Corporations Act of Ontario, amounted to \$190,845 for 1976 and \$168,157 for 1975.

4. ANTI-INFLATION ACT

The company is subject to the Anti-Inflation Act which provides, as from October 14, 1975, for the restraint of profit margins, prices, dividends and compensation. In the opinion of management, the provisions of this Act have no significant effect on the company's earnings for the year ended December 31, 1976, but will limit the dividends that could be paid or declared in the twelve months ending October 13, 1977 to a maximum of 54¢ per common share.

Giant

YELLOKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)
and its subsidiary companies

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1976

	1976	1975
BALANCE AT BEGINNING OF YEAR	\$ 1,139,804	\$ 2,555,615
Net income (loss)	(186,157)	305,357
	<u>953,647</u>	<u>2,860,972</u>
Deduct dividends paid — 10¢ per share (40¢ in 1975)	430,292	1,721,168
BALANCE AT END OF YEAR.....	<u>\$ 523,355</u>	<u>\$ 1,139,804</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31, 1976

	1976	1975
WORKING CAPITAL DERIVED FROM		
Operations	<u>\$ 618,959</u>	<u>\$ 1,377,769</u>
WORKING CAPITAL APPLIED TO		
Dividends paid	430,292	1,721,168
Additions to fixed assets, less disposals	1,254,244	774,842
Dividends to minority shareholders of subsidiary companies	197,502	332,505
Deferred charges	6,603	1,154,044
Other applications	5,960	1,000
	<u>1,894,601</u>	<u>3,983,559</u>
DECREASE IN WORKING CAPITAL	<u>1,275,642</u>	<u>2,605,790</u>
WORKING CAPITAL AT BEGINNING OF YEAR	<u>7,802,573</u>	<u>10,408,363</u>
WORKING CAPITAL AT END OF YEAR	<u>\$ 6,526,931</u>	<u>\$ 7,802,573</u>

CONSOLIDATED STATEMENT OF INCOME
 Year ended December 31, 1976

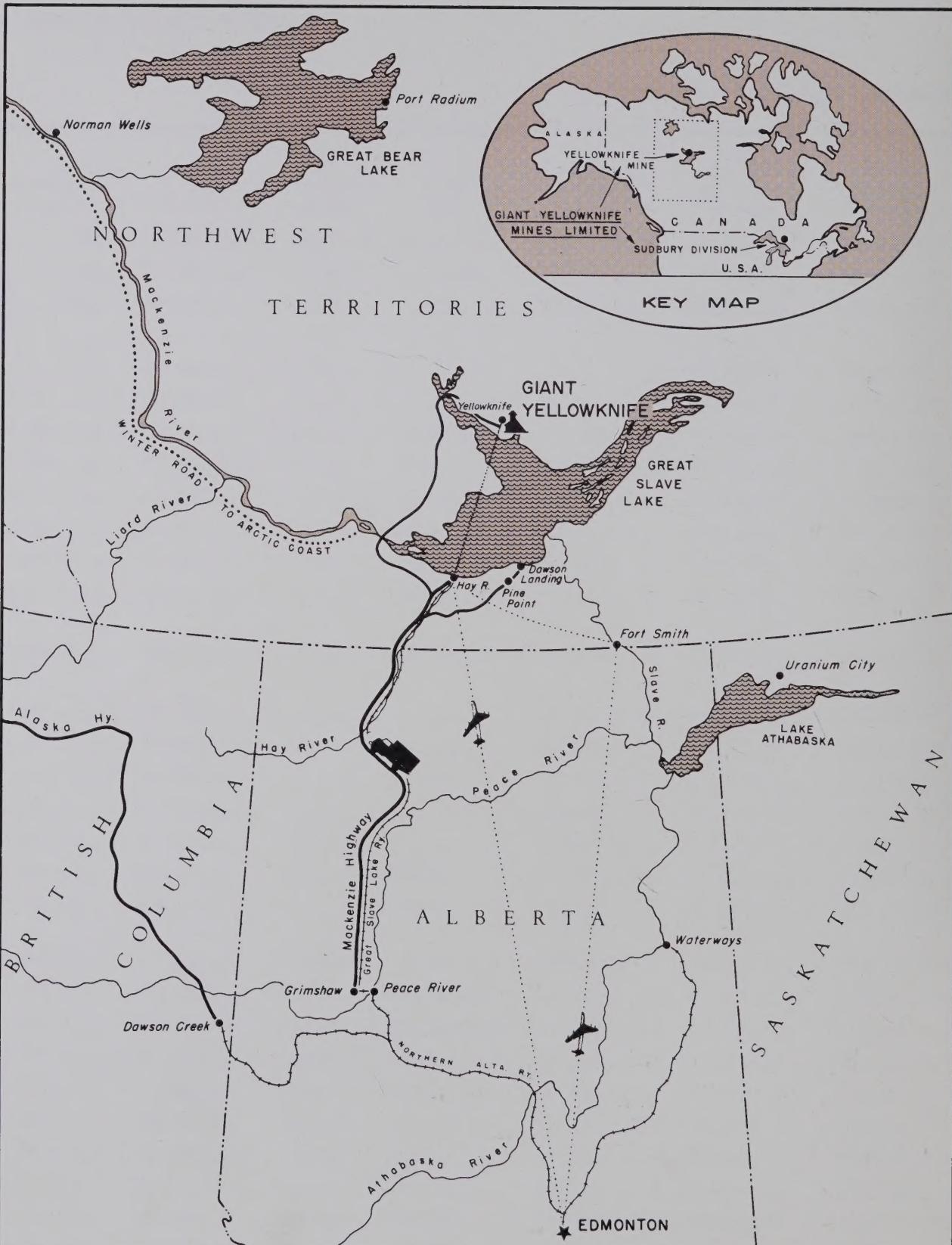
	1976	1975
REVENUE		
Gold and silver production	\$13,137,735	\$15,520,716
Deduct marketing expenses	146,660	142,746
	<u>12,991,075</u>	<u>15,377,970</u>
EXPENSES		
Operating expenses	11,875,261	12,712,544
Government of Canada royalty	19,000	22,000
Administrative and corporate expenses	289,325	324,656
	<u>12,183,586</u>	<u>13,059,200</u>
Operating income before the undenoted items	807,489	2,318,770
Depreciation	410,193	501,628
Amortization of deferred charges	301,175	311,189
Exploration expenses	521,604	1,236,739
	<u>1,232,972</u>	<u>2,049,556</u>
Operating income (loss)	(425,483)	269,214
Income from investments	432,353	689,737
	<u>6,870</u>	<u>958,951</u>
Income taxes	99,279	394,000
	<u>(92,409)</u>	<u>564,951</u>
Minority interest in net income of subsidiary companies	93,748	259,594
NET INCOME (LOSS)	<u>\$ (186,157)</u>	<u>\$ 305,357</u>
EARNINGS (LOSS) PER SHARE	\$.04	\$.07

COMPARATIVE STATEMENT OF

Fiscal Year Ended May 31	Ore Milled Tons	Calculated Mill Heads Oz. gold Per Ton	Estimated E.G.M.A. Assistance	Net Value of Metals Recovered	Average Price Per Ounce of Gold	Operating Cost Before Write-offs	Operating Cost Per Ton
1949	84,886	0.815	\$ 511,020	\$ 1,962,340	\$ 35.00	\$ 1,467,133	\$ 17.28
1950	126,214	0.708	354,326	2,986,457	37.46	1,826,453	14.47
1951	151,814	0.842	267,874	4,158,038	37.35	1,997,073	13.15
June 30							
1952	165,846	0.755	615,000	3,854,137	35.79	2,658,570	16.03
1953	245,559	0.846	680,000	6,012,389	34.20	3,561,546	14.51
1954	275,985	0.785	965,000	6,045,327	34.26	3,704,451	13.42
1955	286,742	0.761	700,000	5,876,857	34.16	3,912,978	13.65
1956	297,582	0.765	120,000	6,235,926	34.76	4,284,385	14.40
1957	309,673	0.795	105,000	6,396,699	33.75	4,234,517	13.67
1958	289,220	0.795	340,000	5,331,448	33.85	3,872,120	13.39
1959	321,002	0.784	280,000	6,397,770	33.81	4,048,047	12.61
June 29							
1960	361,601	0.784	13,687	7,649,230	33.50	4,338,972	12.00
Dec. 31							
1960	181,101	0.795	.....	4,080,679	34.63	2,529,960	13.96
1961	366,515	0.779	.....	8,507,473	35.73	4,755,387	12.97
1962	375,820	0.763	.....	9,445,300	37.56	4,743,728	12.62
1963	388,190	0.713	.....	9,254,173	37.76	4,758,936	12.26
1964	400,606	0.745	.....	10,120,070	37.62	4,789,045	11.95
1965	395,001	0.722	.....	9,565,401	37.68	5,087,109	12.88
1966	384,271	0.652	.....	8,517,823	37.99	5,191,314	13.51
Consolidated							
1967	319,876	0.670	.....	7,204,874	37.99	4,990,864	15.60
1968	374,717	0.634	265,000	8,739,180	41.60	6,005,179	16.03
1969	399,647	0.640	427,000	9,824,021	42.78	7,289,123	18.24
1970	424,774	0.607	1,059,000	8,328,261	36.47	7,483,992	17.62
1971	403,819	0.621	783,000	8,350,188	38.47	7,609,781	18.84
1972	401,272	0.561	.....	11,990,328	59.87	8,506,758	21.20
1973	389,460	0.459	.....	17,054,358	108.03	9,298,649	23.88
1974	328,099	0.355	.....	16,382,316	161.73	11,120,874	33.90
1975	391,969	0.286	.....	15,377,970	156.68	13,059,200	33.32
1976	428,154	0.281	.....	12,991,075	122.08	12,183,586	28.40
	<u>9,269,415</u>	<u>0.657</u>	<u>\$7,485,907</u>	<u>\$238,640,108</u>	<u>\$ 46.23</u>	<u>\$159,309,730</u>	<u>\$ 17.19</u>

PRODUCTION AND EARNINGS

Operating Profit Before Write-offs	Operating Profit Per Ton	Write-offs and Outside Exploration	Non-Operating Income	Income Tax	Minority Interest	Net Profit	Dividends Declared
\$ 1,006,227	\$ 11.85	\$ 859,567	\$ 6,790	\$	\$	\$ 153,450	\$
1,514,330	12.00	1,039,854	5,237	.....	.....	479,713	.....
2,428,839	16.00	1,254,505	6,334	.....	.....	1,180,668	.....
1,810,567	10.92	1,659,109	7,981	.....	.....	159,439	.....
3,130,843	12.75	1,673,329	4,906	.....	.....	1,462,420	800,000
3,305,876	11.98	1,854,444	22,793	12,000	.....	1,462,225	1,600,000
2,663,879	9.29	1,738,576	14,728	4,000	.....	936,031	1,400,000
2,071,541	6.96	1,354,636	71,219	.....	.....	788,124	1,200,000
2,267,182	7.32	1,355,458	51,901	4,000	.....	959,625	600,000
1,799,328	6.22	1,118,946	59,919	4,000	.....	736,301	1,200,000
2,629,723	8.19	1,096,477	51,060	85,000	.....	1,499,306	1,200,000
3,323,945	9.19	1,243,404	103,858	490,000	.....	1,694,399	1,800,000
1,550,719	8.56	829,368	86,158	.....	.....	807,509	860,541
3,752,086	10.24	1,579,897	160,058	.....	.....	2,332,247	1,936,290
4,701,572	12.51	1,029,749	245,321	(30,477)	.....	3,947,621	3,012,027
4,495,237	11.58	879,752	308,635	.....	.....	3,924,120	4,302,903
5,331,025	13.31	855,679	332,850	.....	.....	4,808,196	4,302,910
4,478,292	11.34	802,319	449,827	580,000	.....	3,545,800	4,302,917
3,326,509	8.65	979,060	308,537	620,000	.....	2,035,986	2,581,752
2,214,010	6.92	948,305	363,849	300,000	(38,458)	1,368,012	1,721,167
2,999,001	8.00	721,400	358,715	720,000	12,267	1,904,049	1,721,168
2,961,898	7.41	837,589	355,624	645,300	(65,372)	1,900,005	1,721,168
1,903,269	4.48	728,703	396,451	266,700	(30,951)	1,335,268	1,721,168
1,523,407	3.77	965,039	302,475	53,000	45,930	761,913	1,721,168
3,483,570	8.68	1,148,922	257,777	621,000	502,039	1,469,386	1,721,168
7,755,709	19.91	986,013	642,789	2,412,000	729,017	4,271,468	2,581,753
5,261,442	16.04	808,239	847,235	1,635,000	786,679	2,878,759	2,151,461
2,318,770	5.92	2,049,556	689,737	394,000	259,594	305,357	1,721,168
807,489	1.89	1,232,972	432,353	99,279	93,748	(186,157)	430,292
<u>\$86,816,285</u>	<u>\$ 9.37</u>	<u>\$33,630,867</u>	<u>\$6,945,117</u>	<u>\$8,914,802</u>	<u>\$2,294,493</u>	<u>\$48,921,240</u>	<u>\$48,311,021</u>



**Giant Yellowknife Mines Limited
LOCATION OF YELLOWKNIFE MINE**

SCALE 0 100 200 300 400 MILES

MINE OPERATING OFFICIALS

W. A. MOORE	-	-	-	-	-	-	Mine Manager
G. A. AALTONEN	-	-	-	-	-	-	Mine Superintendent
H. E. PAWSON	-	-	-	-	-	-	Mill Superintendent
C. M. WILKINSON	-	-	-	-	-	-	Electrical Superintendent
R. W. SPENCE	-	-	-	-	-	-	Exploration Superintendent
H. B. BYE	-	-	-	-	-	-	Master Mechanic
J. A. CROSSFIELD	-	-	-	-	-	-	Construction Foreman
B. SKUPNJAK	-	-	-	-	-	-	Chief Engineer
B. F. WATSON	-	-	-	-	-	-	Chief Geologist
A. A. INCH	-	-	-	-	-	-	Mine Geologist
W. J. WALSH	-	-	-	-	-	-	Chief Accountant
J. W. McKAY	-	-	-	-	-	-	Purchasing Agent
R. D. KAPICKI	-	-	-	-	-	-	Personnel Supervisor
G. C. PUECH	-	-	-	-	-	-	Chief Safety Officer



Printed in Canada